



LIBERTY PHOSPHATE LIMITED

SEVENTEENTH ANNUAL REPORT 2004-05



LIBERTY PHOSPHATE LIMITED**Annual Report 2004-05****CONTENTS**

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Liberty Phosphate Ltd.*17th Annual Report 2004-2005***BOARD OF DIRECTORS**

- | | | |
|----|------------------------------|---|
| 1. | Shri R. R. Dhanani | - Chairman & Managing Director |
| 2. | Shri B. B. Mohanty | - Whole Time Director (w.e.f. 02.08.2004) |
| 3. | Shri S. Z. Memon | - Whole Time Director |
| 4. | Shri Z. U. Khan | - Whole Time Director (w.e.f. 26.04.2005) |
| 5. | Shri Vineet J. Shah | - Director |
| 6. | Shri Gagan Deep Chadha | - Director |
| 7. | Shri Inderjeet Singh Chauhan | - Director |
| 8. | Shri Abdul Mannan | - Director (w.e.f. 26.04.2005) |

Company Secretary

Shri Mukesh Jain

Statutory Auditors

V. Shah & Associates, Chartered Accountants
4, Raj Bhavan Colony, Behind Baroda High School,
Polo ground, Baroda- 391 341

K. L. Vyas & Company, Chartered Accountants
IInd Floor, 42 Bapu Bazar, Near Alka Sanitary,
Udaipur- 313 001

Banker

Canara Bank,
Raopura (Main), Vadodara (Gujarat)

Works

F-225, Mewar Industrial Area, Madri,
Udaipur-313 003 (Rajasthan)

74/75/83, G.I.D.C., Nandesari-391 340
Distt.: Vadodara (Gujarat)

19, Bhimpura Industrial Area, Jagpura
Kota (Rajasthan)

Survey No. 122 & 129, Rasal, Tal. Sudhagad,
Distt.: Raigad (Maharashtra)

Registered Office

74/75, G.I.D.C., Nandesari-391 340
Distt.: Vadodara (Gujarat)

NOTICE

NOTICE is hereby given that the **Seventeenth** Annual General Meeting of the Members of **LIBERTY PHOSPHATE LIMITED** will be held at the Registered Office of the Company at 74/75, GIDC, Nandesari -391 340, Distt. Vadodara on Monday, the 19th day of September, 2005, at 4:00 PM to transact the following business:

ORDINARY:

- (1) To Receive, Consider and Adopt the Audited Accounts of the Company for the year ended on 31.03.2005 along with the Report of the Directors and Auditors' thereon.
- (2) To Appoint a Director in place of Mr. Gagan Deep Chadha who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint Joint auditors and fix their Remuneration.

SPECIAL:

- (4) To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Authorised Share Capital of the Company be increased from Rs.7,50,00,000/- (Rupees Seven Crores Fifty Lakhs only) divided into 75,00,000 (Seventy Five Lakhs) Equity Shares of Rs.10/- each to Rs.11,00,00,000/- (Rupees Eleven Crores only) divided into 1,10,00,000 (One Crore Ten Lakhs) equity shares of Rs.10/- each by creation of 35,00,000 (Thirty Five Lakhs) new Equity Shares of Rs.10/- each and that such new equity shares will rank pari passu in all respect with the existing equity shares of the Company."

- (5) To consider and, if thought, fit to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 16 and all other applicable provisions, if any, of the Companies Act, 1956, the existing clause V of the Memorandum of Association of the Company relating to share capital be and is hereby altered by deleting the same and substituting in its place and stead the following as new Clause V

V. The Authorized Share Capital of the Company is Rs. 11,00,00,000/- (Rupees Eleven Crores only) divided into 1,10,00,000 (One Crore Ten Lakhs) Equity Shares of Rs.10/- each."

- (6) To consider and, if thought, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT, in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contract (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003, or any amendment or modification thereof, and subject to such other approvals, permissions, sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company (" the Board") consent be and is hereby accorded to de-list the Equity Shares of the Company from the Vadodara Stock Exchange Limited, Vadodara.

RESOLVED FURTHER THAT authority be and is hereby accorded to the Board to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this resolution."

- (7) To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, and other provisions of the statutes as applicable, and subject to such approval, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby amended or altered or new articles be incorporated in the manner and to the extent as set out hereinbelow:

- (i) The following interpretation be added at appropriate places in Article 2:

"Beneficial Owner" means beneficial owner as defined in clause (a) of sub section 1 of Section 2 of the Depositories Act, 1996.

"Depositories Act, 1996" includes any statutory modification or enactment thereof for the time being in force.

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"Member(s)"-unless otherwise provided means the duly registered holder, from time to time of the shares of the Company and also every person holding equity share(s) of the Company and shall also include the beneficial owner of shares as appearing in the records of the Depository.

"Registered Owner" means a depository whose name is entered as such in the register of members of the Company.

- (ii) After Article 10(a) of the Articles of Association of the Company, the following be inserted as provision.

" Provided however that no share certificate(s) shall be issued for
Shares held with a Depository."

- (iii) The existing Article no. 139 and Margin Note be deleted and instead the following new Article 139 and Margin Note be inserted

"No unclaimed or unpaid dividend shall be forfeited by the board and any dividend which remains unpaid and unclaimed after having declared shall be dealt with as per the provisions of Section 205A, 205B and 205C of the Act."

Forfeiture
of
unclaimed
dividend

- (iv) The following Article and Margin Note shall be added after Article 41 of the Articles of Association and shall be numbered as Article 41A:

41A "The Company shall maintain a Register of Transfers and therein shall be fairly and distinctly entered particulars of every transfer or transmission of every share held in a material form."

Register
of
Transfers

- (v) The following Article and Margin Notes be inserted after Article 11 and be numbered as Article 11A to 11F.

DEMATERIALIZATION OF SHARES

11A Notwithstanding anything contained in these Articles, the Company shall, in accordance with the provisions of the Depositories Act, be entitled to dematerialise any or all its Shares or rematerialise any or all its Shares held with a Depository and or offer its Shares for subscription in dematerialised form pursuant to the Depositories Act.

Dematerialisation/
Rematerialisation
of shares

11B The Company shall be required to maintain a Register and Index of Members in accordance with section 150 and 151 of the Act and the Depositories Act, with details of shares held in material and dematerialised form, in any media (including electronic media) as may be permitted by law. The Register and Index of Beneficial Owners maintained by a Depository under section 11 of the Depositories Act shall be deemed to be the Register and Index of Members holding shares in a dematerialised form for the purposes of the Act.

Register and
Index of
Members

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11C Save as herein otherwise provided, Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly the Company shall be (except by an order of a Court of competent jurisdiction or as required by law) be bound to recognize any benami/trust or equitable, contingent or other interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.

Provided further that the Depository as the registered owner shall not have any voting right or any other rights in respect of the shares held by the Depository and the beneficial owner shall be entitled to all such voting rights and other rights and benefits in respect of the shares held with a Depository.

Recognition
of the rights
of beneficial
owners

11D Notwithstanding anything provided hereinabove, in the case of transfer of Shares, where the Company has not issued any certificates and where such Shares, are being held in an electronic or fungible form, the provisions of the Depositories Act shall apply and accordingly the Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Shares, on behalf of the beneficial owner. Furthermore, nothing contained in the section 108 of the Act or in these Articles shall apply to a transfer of shares effected by a transferor and transferee, both of whom are entered as Beneficial Owners in the records of the Depository

Applicability
of
Depositories
Act

11E In respect of Shares, held by the Depository on behalf of a beneficial Owner, the provisions of the Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall not apply.

Non applicability
of certain
provisions of
the Act

11F Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for shares issued by the Company shall apply to shares held with a Depository.

Distinctive
Numbers of
shares held
with a
Depository

(vi) The following Article and Margin Notes be inserted after Article 11F and be numbered as Article 11G.

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- (1) Every holder/joint holder of shares in or holder/joint holder of debentures of the Company may at any time, nominate, in accordance with the provisions of and in the manner provided by Section 109A of the Companies Act, 1956 and any amendments thereof from time to time, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of the holder/joint holder.

Nomination
of
Shares

- (2) Subject to the provisions of Section 109A of the Act, and Article 11G.1, any person who becomes a nominee by virtue of the provisions of the Act, upon production of such evidence as may be required by the Board or any committee thereof, elect either to be registered himself as holder of the shares or debentures as the case may be, as the deceased shareholder or debenture holder as the case may be, could have made, in accordance with the provisions of and in the manner prescribed by Section 109B of the Companies Act, 1956 and any amendments thereto from time to time.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

- (3) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company

- (8) To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, and other provisions of the statutes as applicable, and subject to such Approvals, Consents, Permissions and Sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby amended or altered or new articles be incorporated in the manner and to the extent as set out herein below:

"The following Article and Margin Note shall be added after Article 97 of the Articles of Association and shall be numbered as Article 97A

"Notwithstanding anything contained in the Articles of Association of the Company, the Company does adopt the mode of passing a resolution by the members of the company by means of a postal ballot and/or other

Passing of
resolution
by ballot
papers

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ways as may be prescribed by the Central Government in this behalf in respect of the following matters :

Instead of transacting such business in a general meeting of the Company:

1. Any business that can be transacted by the company in general meeting; and
2. Particularly, resolutions relating to such business as the Central Government may by notification, declares to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and/or other ways prescribed by the Central Government in this regard."

- (9) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. B.B.Mohanty, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 2nd August, 2004 and whose term expires at the Annual General Meeting of the Company scheduled to be held on 19th day of September, 2005, and for the appointment of whom the Company has received a notice under section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a director of the Company whose period of office will be liable to determination by retirement by rotation."

- (10) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 81 and all other applicable provisions, if any, of the Companies Act, 1956, and in accordance with the provisions of the Articles of Association and of the listing agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed and subject to the approval of the Reserve Bank of India and all other concerned authorities and departments and if and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary and subject to such modifications as may be prescribed in granting such approvals, permissions and sanctions and subject to such conditions as may be imposed by the Securities and Exchange Board of India (SEBI), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof), at its sole discretion, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to offer, issue and allot 4129500 Nos. of New Equity Shares of Rs. 10/- each upon the following terms and conditions :

- (i) 4129500 Nos of new Equity shares shall be offered and issued for subscription in cash at such premium not below Rs.10/- and not exceeding Rs. 50/- per share subject to the Memorandum and Articles of Association of the Company, ranking in all respects (including voting rights) pari passu with the existing equity shares except that such further equity shares shall entitle such holders to dividend, if any, declared in respect of the Company's financial years subsequent to the financial year, in proportion to the capital for the time being paid up during such financial years in respect of which the dividend is declared.
- (ii) 4129500 Nos of new Equity shares be offered and issued in the first instance to the existing shareholders of the Company as Rights Shares to those members of the Company whose names stand on the Register of Members of the Company on such record date or dates as may be fixed by the Board of Directors of the Company for the purpose in the ratio of 1(one) new Equity Shares of Rs. 10/- each for every 1(one) fully paid-up existing Equity Shares held.
- (iii) No fractional certificate or coupon shall be issued to a member in respect of any fraction of a new Equity Share to which he may be entitled and all such fraction shall be ignored.
- (iv) The offer aforesaid shall be made by notice specifying the number of shares offered and the time limit, not being less than 30 days, but not exceeding 60 days, from the date of offer within which the offer has to be accepted failing which, it will be deemed to have been declined and the Board shall thereafter be at liberty to extend the time for acceptance as aforesaid from time to time either generally or in respect of any particular holder or holders with a right exercisable by the shareholder concerned to renounce the shares offered to him in whole or in part in favour of nominee(s) approved by the Directors.
- (v) The offer of new Equity Shares as aforesaid shall include a right exercisable by the members concerned to renounce the new Equity Shares offered to him or any of them in favour of any other person, subject to the

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right of the Board of Directors to refuse allotment and registration of shares in favour of a person not being a shareholder of the Company.

- (vi) The offer aforesaid may be made with the option to the shareholders to apply for additional shares provided that a shareholder who has renounced his right in whole or in part shall not be entitled to an allotment of additional shares. The allotment of additional shares to the applicants will be made on equitable basis, in consultation with the Mumbai stock Exchange, with reference to the equity shares held by them. If any further equity shares applied for are not allotted, the amount paid on application thereof shall be refunded in due course without interest.
- (vii) The Board be and is hereby authorized and empowered to dispose of and allot any of the aforesaid further equity shares entitled thereto or remaining indisposed to such person or persons, whether shareholders of the Company or not, on such terms and at such price or prices or at the ruling market price or the issue price, which is higher and in such manner as the Board of Directors may think most beneficial to the Company.
- (viii) The allotment to Non-Resident Shareholders will be subject to the sanction of the Reserve Bank of India under the Foreign Exchange Management Act, 1999.
- (ix) For the purpose of giving effect to this resolution, the Board be and is hereby authorized to prescribe the letter of offer, forms of application and renunciation and other documents in respect of such further equity shares, to give such other directions as they may think fit and proper, including directions for setting any question or difficulty that may arise in regard to the issue and allotment of further equity shares and to do all acts, deeds, matters and things, as the Directors in their absolute discretion consider necessary, expedient, usual or proper for them to do."

- (11) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to section 269, 198 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as "the Act") (including any statutory modification or re-enactment thereof, for the time being in force), and subject to other approvals, permissions etc., as may be required, the Company hereby approves the appointment of Mr. B.B. Mohanty as Whole time Director of the Company for a period of five years with effect from 02.08.2004 on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company, duly explained in the explanatory statement to the Notice of even date, and Mr. B.B. Mohanty, a draft whereof duly initialed by the Chairman for the purpose of identification is submitted to this Meeting, with liberty to the Board of Directors of the Company (hereinafter referred to as "the Board") to alter and vary the said terms of appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. B.B. Mohanty but so that his remuneration shall not exceed the limits specified in Schedule XIII to the Act (including any statutory modification or re-enactment thereof, for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution.

RESOLVED FURTHER THAT the remuneration paid / payable to Mr. B.B. Mohanty from 02.08.2004 to 19.09.2005 be and is hereby ratified."

- (12) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Z U Khan, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 26th April, 2005 and whose term expires at the Annual General Meeting of the Company scheduled to be held on 19th day of September, 2005, and for the appointment of whom the Company has received a notice under section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a director of the Company whose period of office will be liable to determination by retirement by rotation."

- (13) To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution: